H-2403.1			

SUBSTITUTE HOUSE BILL 1735

State of Washington 58th Legislature 2003 Regular Session

By House Committee on Transportation (originally sponsored by Representatives Murray, Jarrett, Gombosky, Romero, Simpson, Kenney and Wood)

READ FIRST TIME 03/10/03.

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- AN ACT Relating to regulation of streets; amending RCW 82.80.070; adding new sections to chapter 35.77 RCW; creating a new section; repealing RCW 82.80.040, 82.80.050, and 82.80.060; providing an
- 4 effective date; and declaring an emergency.
- 5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:
- 6 <u>NEW SECTION.</u> **Sec. 1.** The legislature of the state of Washington 7 finds:
 - (1) The maintenance and preservation of the streets and urban transportation systems in urban areas is essential for the protection of the public health and safety, particularly for residents and businesses served within such areas. Providing for adequate, reliable access for residents and business street users served by such streets and transportation systems requires a means to preserve and maintain such facilities and, where necessary, to rehabilitate and reconstruct them.
 - (2) The adverse impacts of failing to keep up maintenance of streets and transportation systems in urban areas are greatest upon the street users located in such areas. These impacts include increased traffic congestion, decreased air quality, vehicle damage, accident

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frequency, and decreased street access service for residents and businesses in such areas, as well as decreased access for such street users to public transportation service and fire, police, and emergency medical vehicles. Likewise, the advantages of well-maintained and preserved streets and transportation system facilities in urban areas accrue to people and businesses located in such areas by providing better transportation system service access, lower insurance rates, increased property values, and better fire, police, and emergency medical vehicle access.

- (3) Pavement surfaces and structure in urban areas are subjected to much heavier use and higher maintenance needs than rural areas. When pavement is not properly maintained, the deterioration process accelerates exponentially and the expense and amount of work to restore the pavement likewise increases, creating a downward spiral of increasing pavement deterioration and higher costs to correct the consequences. Absent proper street preservation and maintenance practices, a point of no further maintenance is quickly reached, where the pavement condition has deteriorated to the point that the expense of restoration is no longer cost-effective.
- (4) When streets are not properly preserved and maintained, it also becomes less cost-effective to divert funds for more extensive repairs because such funds would then not be available for less deteriorated streets, causing those streets to slip into a higher repair cost category, ultimately at a greater net cost to the system. These problems are matters of great concern to the state legislature.
- (5) Objective means based upon sound engineering principles are available to identify pavement conditions and distressed pavement areas. This is done through a pavement condition assessment process that uses a pavement management scoring system. Scoring may be based on factors such as in field examination, surface or subsurface examinations, testing, and other measurements. A pavement assessment condition score may be developed for given areas of pavement or entire roadway sections, ranging from a value of 100 for new paving to 0 for a completely deteriorated pavement structure. Alternative scoring systems relying on an overall condition index may also be used, based on sound engineering principles.
- (6) Pavement assessment condition scoring identifies four general categories of pavement maintenance and repair needs, based upon the

level of remedial work needed to restore the structure: Preventive maintenance, resurfacing needed, pavement rehabilitation needed, and full pavement reconstruction required. Each level progressively greater cost per mile to remedy. Each city or town should formulate these levels and appropriate responses in accord with differing local needs. The legislature finds this pavement management system reliable and based on sound engineering principles.

- (7) Residences and businesses accessing the right-of-way enjoy different average levels of benefit from a transportation system. Such benefits can be classified based on different property uses. Residential and business street users likewise contribute differing average burden levels and contribute to street deterioration, based on property use classifications. A street utility mechanism considering such differences to determine user fees offers a means to assess a fair proportionate share of the cost of street maintenance and related transportation facility needs.
- (8) Other operational factors of transportation systems in urban areas also contribute to enhanced pavement degradation. These include the need to maintain properly maintained and placed traffic signals, street lighting, traffic signs and markers, striping, street sweeping, street ice and snow control, guardrails, barriers, roadway vegetation, channelization devices, and parking enforcement to encourage reduced congestion and better traffic circulation.
- (9) Increasing deterioration and degradation of streets and related transportation facilities in distressed or poorly maintained pavement areas poses an immediate threat to the health, safety, and welfare of the citizens of this state and its residents and businesses using those streets.
- NEW SECTION. Sec. 2. (1) The purpose of this act is to protect the public health and safety by regulating urban streets and transportation systems, to provide for a street utility service for street preservation, maintenance, rehabilitation, and reconstruction and related urban transportation system needs of residential and business street users within a street utility service area, to provide a means to identify such areas, and to provide for street utility service charges reasonably proportionate to a street user's allocable share of street utility services.

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(2) Notwithstanding any other provision, nothing in this act or action taken under its authority may be construed to create or increase any municipal liability to any particular person or entity, or to increase or enhance any municipal common law duty of care relating to the public right-of-way or the maintenance and repair thereof.

- <u>NEW SECTION.</u> **Sec. 3.** The definitions in this section apply throughout sections 1 through 10 of this act unless the context clearly requires otherwise.
- (1) "Business" means any organization, including without limitation private firms, proprietors, corporations, partnerships, for-profit and nonprofit organizations, public sector organizations, and government.
- (2) "Sound engineering principles" means principles or learning reasonably accepted within the civil engineering or traffic engineering profession, including the Washington state department of transportation extended method in paving distress ratings, the Washington state department of transportation pavement distress manual, the Washington state department of transportation local agency pavement management guide, materials developed by the Institute of Transportation Engineers, including materials differentiating types of property uses and correlating property use and the expected number of automobile and pedestrian trips over a specified time interval generated by such use, and other studies, manuals, or materials shown to be reliable and based on good engineering practice as may be developed by professional engineering staff or consultants.
- (3) "Street" means the traveled portion of the street right-of-way including bridges, gutters, curbs, shoulders, sidewalks, pedestrian walkways, and bikeways. "Street" also includes barrier-free access such as for wheelchairs and strollers and Americans with disabilities act design features.
- (4) "Street maintenance" means activities that keep streets in good operating condition or that enhance public safety relating to street use, including, but not limited to, preservation, resurfacing, pothole filling, striping or restriping, street lights, traffic control devices, vegetation maintenance, and proper drainage facilities.
- 35 (5) "Street utility" means a municipally owned and operated utility 36 service, created in accordance with sections 1 through 10 of this act.

(6) "Street utility service area" means an area in which street utility services are provided and user fees are charged, established in accord with the provisions of sections 1 through 10 of this act. Sections 1 through 10 of this act create no authority for any city or town to assess a street utility user fee outside its jurisdictional limits.

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- (7) "Transportation system" means infrastructure of a city or town used for public travel and the street user needs of residences and businesses located within the street utility service area. streets, street lighting, traffic control devices and signals, traffic signs and markers, striping, parking enforcement, and proper drainage facilities associated with impervious paved surfaces.
- 13 (8) "User fees" means street utility user fees for street utility 14 services in accord with sections 1 through 10 of this act.
 - NEW SECTION. Sec. 4. The legislative authority of a city or town may by ordinance create a street utility service area or areas up to the entire limits of said city or town. A city or town may elect to own, maintain, operate, and preserve its streets and transportation system as a separate street utility, and may levy periodic charges for use of the streets in an annual amount of up to fifty percent of the actual costs for maintenance, operation, and preservation of facilities as permitted by sections 1 through 10 of this act. All street utility user fees shall be deposited in a special fund or account dedicated to such permissible uses under sections 1 through 10 of this act.
- <u>NEW SECTION.</u> **Sec. 5.** (1) The legislative body of a city or town 26 shall conduct a public hearing prior to the formation of a street 27 Notice of the hearing shall include information about the 29 street utility service area or areas, a general operational plan for 30 services to be provided by the street utility, an initial proposed rate structure, and any other items deemed pertinent. Said notice shall be 31 published at least five days before the hearing in a newspaper of general circulation within the proposed street utility service area. 33 34 The hearing may be continued to other times, dates, and places 35 announced at the hearing without further publication. A record of the hearing shall be maintained. At the hearing, the city or town 36

p. 5 SHB 1735 legislative body shall review the proposal and consider objections and comments from any interested party and may modify the proposal in response thereto, as well as any information, opinion polls, or other material relevant to the question presented.

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- (2) After the hearing, the city or town legislative body may adopt an ordinance creating a street utility service area or areas, together with the utility user fees to support said utility, with findings in accord with this section, and consistent with sections 1 through 10 of this act.
- (3) An ordinance creating a street utility shall include substantially the following items, except where local needs may require:
 - (a) A description of the condition of the pavement areas in the street utility service area, based on field investigations, pavement assessment condition scores, or other criteria;
 - (b) A general plan, as necessary, to preserve, maintain, rehabilitate, or reconstruct the pavement area and to remediate poorly maintained pavement areas, considering sound engineering principles, and prevent the growth and development of such areas. The general plan shall include a timetable and summary of the purposes of expenditures or projects to be included, projected revenues from user fees, and other sources;
 - (c) A description of the street utility service area;
 - (d) The establishment of a separate fund or account for all moneys collected from user fees, which amounts shall be held solely and separately to be used for the purposes listed in the ordinance;
 - (e) A user fee schedule consistent with section 6 of this act, supported by sound engineering principles as reflected in the record, setting forth amounts to be charged to residential and business street users located in the street utility service area;
- (f) A description of the proposed uses for the fees consistent with section 6 of this act if not included in the general plan;
 - (g) Any other factors deemed relevant; and
- 34 (h) A finding that the creation of a street utility is in the 35 public interest.
- 36 (4) An ordinance establishing a street utility may include a 37 provision for a street utility advisory committee to advise the city or 38 town from time to time regarding questions about administration of the

street utility, guided by sound engineering principles. The street utility advisory committee shall be appointed by the mayor and confirmed by the city or town legislative body. Committee membership may include paving contractors, civil engineers, citizens, and professional traffic engineering staff and other persons with special training or expertise relevant to the issues presented.

- (5) Such ordinance shall further provide for a means of an administrative appeal by interested persons of disputed billings or user fee classifications or other matters deemed proper, including appropriate procedures as the legislative body may determine. The appealing party has the burden of proof. The judicial review standard of such decisions is arbitrary and capricious.
- 13 (6) After formation, the legislative body determines what further 14 hearings are necessary in adopting or adjusting user fees, scope of 15 services, and other utility operations.
 - NEW SECTION. Sec. 6. (1) A city or town legislative body may establish user fees within the street utility service area for residential and business users located in such service area. User fees shall be expressed as a dollar amount per household unit or type of business. User fees may be assessed no more frequently than monthly, nor less frequently than annually. Fees set for users other than households shall be expressed in equivalents of household units or as specified by ordinance.
 - (2) In classifying user fee rates, a city or town legislative body may in its discretion consider the following factors:
 - (a) A cost component for the street utility's ongoing base level operation and maintenance; variations in capacity access demands by transportation system users within the street utility service area;
 - (b) The estimated average daily number of vehicle trips generated by specific types of property occupancies or uses. In making this estimation, the legislative body may consider a correlation between each type of property use and the estimated number of automobile and pedestrian trips that each use generates. Such correlation may include use of trip generation data and information developed in accord with sound engineering principles. Estimated vehicle trips by trucks weighing over twenty-six thousand pounds shall not be factored into the proposed fee schedule or the rate applied to a specific business;

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(c) Location of users; differences in costs of service; the proximity of a user fee class to arterial streets and relative benefits derived therefrom; differences in costs of maintenance, operation, repair, or reconstruction; different character of the service furnished various users; times of use; the achievement of traffic reduction; capital contributions made to the transportation system, including but not limited to limited improvement district assessments; special assessments for transportation system related improvements; and any other matters which present a reasonable difference as a ground for distinction. User fees shall not include any exemption or credit for the payment of any tax;

- (d) User fees may reflect a reduction or exemption for designated classes consistent with Article VIII, section 7 of the state Constitution;
- (e) There may be provision for user fee reduction through mitigation, which may include a ten percent reduction that may be allowed for residential users participating in regular carpool or vanpool arrangements or for commercial users offering carpool or vanpool programs approved under such provisions as may be further established by ordinance;
- (f) Residents or businesses may apply for a user fee discount upon a showing that they do not generate equivalent trips, on the average, to abutting parcels. This might apply to where a residence or business does not directly abut the right-of-way, or for other reasons;
- (g) All user fees shall be uniform for the same class of persons receiving services provided or imposing burdens on a transportation system.
- (3) User fees shall not be in excess of the amount authorized by the ordinance. No fees shall be imposed on vacant parcels prior to development for occupancy or use. A city or town may use connection or consumption of other utility services such as water, sewer, or solid waste collection as a basis to establish occupancy or use.
- (4) Where a party demonstrates on an individual basis that it neither enjoys a benefit from street use nor creates a burden on street use, no street utility user fees shall be charged, but this shall not prevent the legislative body from otherwise adopting a street utility rate schedule in accord with sections 1 through 10 of this act.

(5) Refunds on collected user fees are not required for any period before the time a written appeal is received from a party claiming by the refund a city or town under procedures it may establish therefore.

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- (6) User fees may not be computed on the basis of an ad valorem charge on the underlying real property or improvements. User fees authorized under this section are not in lieu of impact or mitigation fees otherwise permitted by law.
- (7) Street user fees established pursuant to sections 1 through 10 of this act do not constitute taxes nor are they charges provided for under RCW 82.02.050 through 82.02.090, growth impact fees, or RCW 39.92.010 through 39.92.901, transportation fees, or charges otherwise prohibited by law.
- 13 (8) A city or town may provide or contract to provide billing and 14 collection services of the street utility user fees as a part of other 15 utility services provided.
- 16 <u>NEW SECTION.</u> **Sec. 7.** Street utility service user fee revenues may 17 fund only:
- 18 (1) Street maintenance, preservation, rehabilitation, or 19 reconstruction;
 - (2) Other operational factors of transportation systems in urban areas including traffic signals placement and maintenance, street lighting, traffic signs and markers, striping, street sweeping, street ice and snow control, guardrails, barriers, roadway vegetation, channelization devices, and parking enforcement to encourage reduced congestion and better traffic circulation;
 - (3) Transportation system needs and expenses of doing business as a utility, consistent with the adopted transportation and land use plans of the jurisdiction expending the funds, and consistent with any applicable and adopted regional transportation plan for metropolitan planning areas;
- 31 (4) The preparation of a street utility operations and maintenance 32 plan, street arterial plan adopted under RCW 36.70A.070(6), or other 33 transportation planning process required or permitted by law to 34 protect, preserve, and rehabilitate public rights-of-way;
- 35 (5) The costs of monitoring permitted funding needs as may be 36 required or recommended for compliance with applicable standards and 37 rules;

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1 (6) The costs of:

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- 2 (a) Ongoing implementation of a plan or plans developed under 3 subsection (4) of this section;
 - (b) Enforcing compliance with standards and rules relating to the quality and quantity of street, highway, or related pavement facility construction and maintenance;
- 7 (7) Street maintenance practices to improve air quality and dust 8 control; and
- 9 (8) Creation of a prudent reserve fund for permissible uses and to 10 repay bonds or other evidences of indebtedness issued to pay costs for 11 which street utility service revenues may be used.
 - NEW SECTION. Sec. 8. (1) A city or town establishing a street utility in accord with sections 1 through 10 of this act shall have a lien for any delinquent user fees for street utility service, including any delinquency charges or interest, which shall attach to the street user's premises for which services were rendered, where at least two months have passed since a user fee has been billed as delinquent or past due to the premises served and at least two billing notices have been mailed to the premises explaining that a lien may be placed for any delinquencies.
 - (2) The lien may be foreclosed in the manner provided for sewerage service in chapter 35.67 RCW together with any other utility services provided by the city or town. Failure to record the lien does not affect its validity, but no party without actual or constructive notice shall be held responsible for payment thereof.
- NEW SECTION. Sec. 9. The city or town legislative body may dissolve a street utility by ordinance upon a finding that the dissolution is in the public interest. In such event, all unexpended funds shall be held in trust to be expended only for purposes permitted under sections 1 through 10 of this act.
- NEW SECTION. Sec. 10. (1) A city or town electing to establish a street utility under sections 1 through 10 of this act may also finance permitted street utility uses through any other means permitted by law, which shall include local improvement districts, utility local improvement districts, or with proceeds from general obligation bonds

and revenue bonds payable from the charges issued in accordance with chapter 35.41, 35.92, or 39.46 RCW, or any combination thereof. The city or town may use, in addition to the user fees authorized in this act, funds from any other federal, state, or local public or private sources.

- 6 (2) Nothing in sections 1 through 10 of this act or action taken 7 under its authority shall diminish any other general or specific 8 municipal regulatory or funding powers now or hereafter otherwise 9 permitted by law.
- NEW SECTION. Sec. 11. The provisions of this act shall be liberally construed to accomplish the intended purpose.
- NEW SECTION. Sec. 12. If any provision of this act or its application to any person or circumstance is held invalid, the remainder of the act or the application of the provision to other persons or circumstances is not affected.
- **Sec. 13.** RCW 82.80.070 and 2002 c 56 s 413 are each amended to read as follows:
 - (1) The proceeds collected pursuant to the exercise of the local option authority of RCW 82.80.010, 82.80.020, and 82.80.030((, and 82.80.050)) (hereafter called "local option transportation revenues") shall be used for transportation purposes only, including but not limited to the following: The operation and preservation of roads, streets, and other transportation improvements; new construction, reconstruction, and expansion of city streets, county roads, and state highways and other transportation improvements; development and implementation of public transportation and high-capacity transit improvements and programs; and planning, design, and acquisition of right of way and sites for such transportation purposes. The proceeds collected from excise taxes on the sale, distribution, or use of motor vehicle fuel and special fuel under RCW 82.80.010 shall be used exclusively for "highway purposes" as that term is construed in Article II, section 40 of the state Constitution.
 - (2) The local option transportation revenues shall be expended for transportation uses consistent with the adopted transportation and land

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use plans of the jurisdiction expending the funds and consistent with any applicable and adopted regional transportation plan for metropolitan planning areas.

- (3) Each local government with a population greater than eight thousand that levies or expends local option transportation funds, is also required to develop and adopt a specific transportation program that contains the following elements:
- (a) The program shall identify the geographic boundaries of the entire area or areas within which local option transportation revenues will be levied and expended.
- (b) The program shall be based on an adopted transportation plan for the geographic areas covered and shall identify the proposed operation and construction of transportation improvements and services in the designated plan area intended to be funded in whole or in part by local option transportation revenues and shall identify the annual costs applicable to the program.
- (c) The program shall indicate how the local transportation plan is coordinated with applicable transportation plans for the region and for adjacent jurisdictions.
- (d) The program shall include at least a six-year funding plan, updated annually, identifying the specific public and private sources and amounts of revenue necessary to fund the program. The program shall include a proposed schedule for construction of projects and expenditure of revenues. The funding plan shall consider the additional local tax revenue estimated to be generated by new development within the plan area if all or a portion of the additional revenue is proposed to be earmarked as future appropriations for transportation improvements in the program.
- (4) Local governments with a population greater than eight thousand exercising the authority for local option transportation funds shall periodically review and update their transportation program to ensure that it is consistent with applicable local and regional transportation and land use plans and within the means of estimated public and private revenue available.
- (5) In the case of expenditure for new or expanded transportation facilities, improvements, and services, priorities in the use of local option transportation revenues shall be identified in the

transportation program and expenditures shall be made based upon the following criteria, which are stated in descending order of weight to be attributed:

- (a) First, the project serves a multijurisdictional function;
- (b) Second, it is necessitated by existing or reasonably foreseeable congestion;
 - (c) Third, it has the greatest person-carrying capacity;

- (d) Fourth, it is partially funded by other government funds, such as from the state transportation improvement board, or by private sector contributions, such as those from the local transportation act, chapter 39.92 RCW; and
- (e) Fifth, it meets such other criteria as the local government determines is appropriate.
 - (6) It is the intent of the legislature that as a condition of levying, receiving, and expending local option transportation revenues, no local government agency use the revenues to replace, divert, or loan any revenues currently being used for transportation purposes to nontransportation purposes. The association of Washington cities and the Washington state association of counties, in consultation with the legislative transportation committee, shall study the issue of nondiversion and make recommendations to the legislative transportation committee for language implementing the intent of this section by December 1, 1990.
 - (7) Local governments are encouraged to enter into interlocal agreements to jointly develop and adopt with other local governments the transportation programs required by this section for the purpose of accomplishing regional transportation planning and development.
 - (8) Local governments may use all or a part of the local option transportation revenues for the amortization of local government general obligation and revenue bonds issued for transportation purposes consistent with the requirements of this section.
 - (9) Subsections (1) through (8) of this section do not apply to a regional transportation investment district imposing a tax or fee under the local option authority of this chapter. Proceeds collected under the exercise of local option authority under this chapter by a district must be used in accordance with chapter 36.120 RCW.

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- NEW SECTION. **Sec. 14.** The following acts or parts of acts are each repealed:
- 3 (1) RCW 82.80.040 (Street utility--Establishment) and 1991 c 141 s 4 1;
- 5 (2) RCW 82.80.050 (Street utility--Charges, credits) and 2000 c 103
- 6 s 21 & 1991 c 141 s 2; and
- 7 (3) RCW 82.80.060 (Use of other proceeds by utility) and 1991 c 141
- 8 s 3.
- 9 <u>NEW SECTION.</u> **Sec. 15.** Sections 1 through 10 of this act are each
- 10 added to chapter 35.77 RCW and codified with the subchapter heading of
- 11 "Street Utility."
- 12 <u>NEW SECTION.</u> **Sec. 16.** This act is necessary for the immediate
- 13 preservation of the public peace, health, or safety, or support of the
- 14 state government and its existing public institutions, and takes effect
- 15 July 1, 2003.

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